



Inter Department Correspondence Sheet

TO: Members of Council

FROM: Richard Allan Bull, City Clerk

COPIES TO: \_\_\_\_\_

SUBJECT: Minutes of City Council Special Sessions

February 22, 2022

Attached are the minutes from the City Council Special Sessions held on February 17 and 19, 2022.

Richard Allan Bull  
City Clerk

## NORFOLK, VIRGINIA

### MEETING OF COUNCIL

THURSDAY, FEBRUARY 17, 2022

Mayor Kenneth Cooper Alexander, called the meeting to order at 4:00 p.m. with the following members present: Mrs. Courtney R. Doyle, Mrs. Mamie B. Johnson, Mrs. Andria P. McClellan, Mr. Paul R. Riddick, Ms. Danica J. Royster, Mr. Tommy R. Smigiel Jr., Vice Mayor A. Martin Thomas Jr., and Mayor Kenneth Cooper Alexander.

#### **AGENDA**

##### **Overview of Military Circle Request For Proposals**

Presenters: Dr. Larry H. Filer II, City Manager

Mr. Jared M. Chalk, Director of Economic Development

Dr. Filer stated tonight's presentations for Military Circle redevelopment are presented by two of the three finalists' teams.

Mr. Chalk next provided an overview on the Request for Quotes and Request for Proposal (RFQ/RFP) process. The process began with two studies: Vision 2100 and the Urban Design Associates (UDA) Study. Both plans led to a set of City Council priorities.

Project goals and requirements were created. The process also included resident engagement. We wanted to create and cultivate the Arts, community choice, strong and safe neighborhoods, and we wanted this to be a catalyst for surrounding communities.

Projects such as this require a lot of funding and we wanted to ensure that we are maximizing the public investment and minimizing public risk. We also wanted to make sure we are promoting inclusive economic development and creating permanent jobs for workers of various skill levels, and a diverse and inclusive team throughout this process.

##### **Crossroads Partnership LLC**

Project Team Members present: Mr. Stephen Ballard, Mr. Emmitt Smith, Mr. Vernon Marrow, Mr. Dev Pathik, Mr. Chuck Steedman (Additional Team Members were present virtually)

##### **Unique Development Components**

###### **Sports Tourism and Community Engagement**

- The Sports Tourism Industry = \$45B
- New Revenues from Outside the Taxing District Based on Events by ASM Global and Sports Facilities Companies (SFC)
- Youth Sports Tourism has been among the fastest growing travel segments for 10yrs+ but it has left many kids out of sport
- Model creates inventory that is most frequently utilized by local kids and families
- Creates access for underserved youth and families
- Produces measurable lifelong health, social, income, and wellness outcomes

**Health and Wellbeing**  
**School of Public Health**

- Centralized brick and mortar location option for the School of Public Health
- Access to improve outcomes
- Address public health and inequalities in underserved communities

**Diversity, Equity, and Inclusion**  
**Wealth Creation**

- Proposal will provide and actively market an Opportunity Zone Fund program for investors of color
- With this proposal, investors can be individuals or businesses looking to invest capital gains in this project
- Access is one of the most impactful steps to eradicating the wealth gap
- Calvary Revival Church – partner with church leadership and its congregation to source investment opportunities

**Overall program includes:**

Retail, grocery, green space, walking trail, residential, office, school, hotel, sports/entertainment center, arena, and structured parking

**Project schedule** – Total construction duration 54 months

**Financing:**

- 100% private finance
- No community development authority (CDA) required
- Only request from Norfolk = Creation of tax increment financing (TIF) and tourism improvement district (TID)

(Conceptual photographs, project drawings, site plans, and a video were presented.)

**CLOSED SESSION**

Motion for closed session was approved on February 17, 2022 at 5:12 pm for purposes which are set out in **Clause 29** of subsection (A) of Section 2.2-3711 of the Virginia Freedom of Information Act:

(29) Discussion of the award of a public contract submitted through an RFP from Crossroads Partnership, LLC, for redevelopment in the Military Circle area; where discussion of the terms or scope of such contract in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

AYES: Doyle, Johnson, McClellan, Riddick, Royster, Smigiel Jr., Thomas Jr., Alexander

NO: None.

## **CLOSED SESSION RESOLUTION**

A Resolution certifying a closed meeting of the council of the City of Norfolk in accordance with the provisions of the Virginia Freedom of Information Act.

### **ACTION: ADOPTED**

AYES: Doyle, Johnson, McClellan, Riddick, Royster, Smigiel Jr., Thomas Jr., Alexander

NO: None.

### **Norfolk MC Associates LLC**

Project Team Members Present: Mr. Bruce Thompson, Mr. Bryan Cuffee, Mr. Rob Uhrin, Ms. Tina Neal, Mr. Bob Howard (Additional Team Members were present virtually)

#### **The Development Premise**

- To accomplish the city's stated goals and objectives as specifically referenced in the RFP for Military Circle.
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- There needs to be a central focal point that supports the city and the developer's vision; to act as the catalyst to attract residential, retail, and business interests, and continued redevelopment of the broader surrounding area.

#### **Two Options considered:**

- Arena
- Central Park

#### **Arena Due Diligence Conclusions**

##### **Financial**

- Norfolk would have to be willing to provide potentially as much as \$100 million to the Arena Developer
- Norfolk would have to increase both real estate taxes and hospitality related taxes to support a "major" bond offering
- Its unlikely that neighboring cities would participate financially with the City of Norfolk, and/or the developer, even though they would be beneficiaries
- Would require substantial investment in infrastructure improvements to manage stormwater and increased traffic
- No direct tax benefit to the City

#### **Norfolk MC Associates Conclusion:**

- An Arena can not meet the City stated fiscal goals (maximize direct taxes to the city/reduce city risk)
- An Arena will require public "bond" support that fails in most cities particularly when there is not a major sports team or tenant (university)
- An Arena conflicts with existing and future office users



- The most recent arena projects that have moved forward have had a major professional sport franchise as a tenant (NBA, NHL, etc.) which is currently not available to Norfolk.

## **Why The Well?**

### **Central Park**

- 43 Acre Central Park and Lake meets and far exceeds all community stated goals for Military Circle redevelopment.
- The Well Central Park (and its ability to grow) will be the catalyst for current and future development creating a national model proving that environmental sustainability, diversity and inclusion, and a robust economic development can coexist in a thriving urban development project.
- Not only does The Well exceed all the city's stated nonfinancial goals for developing a community, but exceeds all economic objectives.
- No upfront money or risk to the City, and no tax increases to existing residents or businesses.
- \$643 million dollars in direct economic impact to the City starting Day 1
- No prolonged negotiations, land acquisitions, or referendums are required.
- The Well is "shovel" ready within 12 months of the development agreement.
- Compatible with Sentara's current and future operations in Norfolk.
- Open Space is designed to double in size as neighboring redevelopment occurs in the future.

### **Partnership with Norfolk State University**

A partnership with Norfolk State University creates a life-changing environment for opportunity that will enhance the school's hospitality curriculum, support small-, minority-, and woman-owned businesses, entrepreneurs, and build a branded hotel that will serve as a real-world training laboratory for NSU hospitality students.

### **LISC Support from Non-Profits**

The Local Initiatives Support Corporation (LISC) is a nationally respected non-profit organization dedicated to promoting the advancement of resilient and inclusive communities across the country. LISC invests in affordable housing, small businesses, community safety and justice, quality education and programs that connect people with financial opportunity. LISC agrees that the Well project "aligns perfectly" with their objectives to improve the region's social determinants of health (i.e., those factors outside the clinical setting that impact health outcomes.) LISC can provide grants and funding assistance to support the following initiatives:

- NSU/Education
- Recreation Center
- Daycare
- Affordable housing
- Grocery

## **Net Zero & Environmental Resilience**

### **The Wells goal is to design a sustainable, Net-Zero carbon emissions community**

- The Well will partner with Sun Tribe Solar to provide on and off-site solar solutions to generate renewable energy equal to energy consumed for a net-zero impact to the environment.
- The plan for The Well converts the existing site that is 89% impervious to 42% impervious by creating over 40 acres of open space, planting over 1,000 trees and restoring native landscaping to improve water and air quality creating a model environment for communities of the future.
- Create internal office environments that provide improved air quality and circulation with special considerations for employees.

### **Professional Advisors Financing Conclusions**

- The revenue and tax assumptions are valid.
- The financing will not require any “upfront” money from the City.
- The financing will not require the City’s credit enhancement, nor the “Full faith and credit” guarantee from the City
- Direct Tax to the City/CDA as projected at \$643 million through 2056 is realistic.
- Financing is readily available for the project as early as 12 months from development agreement execution.
- The plan allows the EDA and City to recover 100% of their investment to date with interest.
- Perseverance has completed 3 successful bond deals with Gold Key/PHR.

### **What is The Well going to cost the City of Norfolk?**

- No debt, no debt guaranties, no moral obligation, and no financial obligation to support the Community Development Authority (CDA bonds
- No subsidy
- City only commits to forming a CDA and a Special Service District (SSD)

### **What does the City of Norfolk get?**

- Recovery of City investments in Military Circle Mall Land - \$15.9 million plus \$20 million in interest (total \$35.9 million) and during the life of the bonds the city will receive \$643 million in direct tax revenue.
- \$663 million in new capital investment
- \$643,491,657 in direct tax revenues through 2056 (with \$440,167,202 for the CDA bonds and \$203,324,455 to the City)
- \$30,872,955 in annual direct tax revenues from The Well after CDA bonds are paid in full
- 2,200 jobs (over 1,800 permanent and 400 construction)
- A new 8,000 seat outdoor performing arts amphitheater
- A new world-class public recreation center
- 53 acres of open space, plazas, gardens, softscape and lake
- Expansion of the Norfolk State University Campus and presence in the region
- Retain Sentara Corporate presence in Norfolk
- New housing – 864 multifamily residential units, inclusive of 300 affordable housing units
- A new grocery/fresh food market

- Increased Pump Station Capacity
- A model community for sustainability which positively impacts the social determinants of health
- A project that can begin construction within approximately 12 months of a signed development agreement.

(Conceptual photographs, drawings, site plans, and a video were presented.)

#### **ADJOURNMENT**



## **NORFOLK, VIRGINIA**

### **MEETING OF COUNCIL**

**SATURDAY, FEBRUARY 19, 2022**

Mayor Kenneth Cooper Alexander, called the meeting to order at 11:00 a.m. with the following members present: Mrs. Courtney R. Doyle, Mrs. Mamie B. Johnson, Mrs. Andria P. McClellan, Mr. Paul R. Riddick, Ms. Danica J. Royster, Mr. Tommy R. Smigiel Jr., Vice Mayor A. Martin Thomas Jr., and Mayor Kenneth Cooper Alexander.

#### **AGENDA**

##### **Overview of Military Circle Request For Proposals**

Presenters: Dr. Larry H. Filer II, City Manager

Mr. Jared M. Chalk, Director of Economic Development

Dr. Filer stated today's presentation is the third and final team for the Military Circle Mall redevelopment. He next introduced Ms. Donna MacMillan.

##### **Wellness Circle, LLC**

Project Team Members present: Ms. Donna MacMillan, Mr. Pharrell Williams, Mr. Mark Erdly, Mr. Michael Culpepper (Additional Team Members virtually – Mr. David Adjaye, Mr. Geoff Nelles)

Ms. MacMillan stated today's presentation provides an update on the project. She stated that the Team consists of Lead Developers, Design & Consultants, and Operators:

Armada Hoffer Properties, Harlo Capital, Venture Realty Group, Pharrell Williams, Terrence Thornton, Adjaye Associates, Gensler, The Miles Agency, Dr. Vinod Agarwal & Dr. Robert McNab, Raymond Jungles, Inc., JLL Capital Markets, Rockwell Group, Real Property Research Group, S.L. Nusbaum Realty Company, Kimley-Horn, Stone Planning, Interface Engineering, Piper Sandler, Pacific Retail, YELLOW School, YMCA of South Hampton Roads, Live Nation, and OVG360.

Ms. MacMillan next introduced Mr. Williams.

Mr. Williams discussed the concept for a charter community which will have an arena, retail, hotel, restaurants, and wrap-around services. It will have single-family market-rate homes, transitional workforce housing, and educational and healthcare components. This community seeks to create inclusion with equitable opportunities and is a "beehive" community where all tax brackets can teach each other, learn from each other, and live with each other. He stated that this is the ultimate wellness idea.

Mr. Adjaye next discussed the design approach to the project. At the heart of the project is a new sustainable, inclusive, socio-health model that creates a sort of wellness space, mental as well as physical. It looks at what really makes a resilient community. The housing they propose is an integrated set of communities that use a carbon neutral



footprint. It moves away from steel and reduces our concrete footprint. They propose using green materials that perform and support the well-being of communities. The proposed arena is a mass timber structure with a transparent skin, so you can look out at the park. A strong transport hub will allow the light-rail to connect and service the arena, business district, hotel facility, residential and school. The proposed circular garden uses nature to link every part of this project together as a sequence. This development could become an international model for an eco-friendly community.

Mr. Erdly outlined the core principles of the project that will drive success.

### **Tenets of the Wellness Circle, LLC**

#### Community at the Core

- Level the playing field for disadvantaged communities with a place of belonging rooted in community needs and programs that make abundant opportunities for all.

#### Environment & Public Realm

- A green, inclusive, and connected active public realm made to stimulate growth. A commitment to resource stewardship and resilient ecology for the site, infrastructure, and built environment.

#### Health & Wellbeing

- Centered on holistic principles of health/wellbeing for all residents, visitors and businesses. A walkable and safe neighborhood with community clinic, food accessibility, and healthy indoor/outdoor environments.

#### Housing for All

- Diverse residential market-based multifamily, age-focused, lower-income interwoven with inclusive community-oriented spirit.

#### Education Throughout

- Innovative education programs in a holistic and experiential environment, including a K-12 school and opportunities for medical training.

#### Employment & Workplace

- Intentional commitment to attracting like-minded tenants/investors who believe in wellness, diversity, and growing locally-based employment.

#### Entertainment & Play

- An often-overlooked factor in wellness – we offer a community-based entertainment and sports arena, ample active recreation and sports venues, interwoven retail and food and beverage, playgrounds, and playful landscapes infused throughout.

#### **Project components:**

4.63 Million Square Feet (SF) on 89 Acres, which includes:

- Office: 1million SF, including medical office campus

- Residential: Over 1.2 million SF, including 708 units of market-rate multifamily, 288 units of low-income housing tax credit (LIHTC) housing, and 147 for sale townhomes
- Retail: 143,000 SF
- Food & Beverage: 80,000 SF
- Arena/Entertainment: 489,000 SF, including a 15,400-16,500 seat arena
- Community Space: 54,700 SF, including YMCA community facility
- Hotel: 210,000 SF 200-room hotel, operated by the team behind the Goodtime Hotel in Miami, FL
- Education: 94,000 SF, including innovative YELLOW School as well medical learning facility/clinic
- Wellness Loop: 1-mile multipurpose pedestrian trail replacing Ring Road with existing natural resources and enhanced outdoor features

Mr. Nelles next discussed the benefits to the community. He stated that this project is uniquely founded on a set of broad and inclusive benefits that meet and exceed the principles that the city has already set forth in PLANorfolk 2030:

- Thoughtful Community Outreach
- A Regional Draw
- Public Spaces Sized for Growth
- Inclusive Housing Options
- Diverse Employment Offerings
- Innovative Education: Yellow School
- The Community Anchor: YMCA
- Small, Women-Owned and Minority Businesses Engaged in Development
- A Commitment to Resilient and Sustainable Development
- Movement and Transit
- Secured Partners Bring Life to the Community

(Conceptual photographs, drawings, and site plans were presented.)

### **CLOSED SESSION**

Motion for closed session was approved on February 19, 2022 at 11:33 a.m. for purposes which are set out in **Clause 29** of subsection (A) of Section 2.2-3711 of the Virginia Freedom of Information Act:

(29) Discussion of the award of a public contract submitted through an RFP from Wellness Circle, LLC, for redevelopment in the Military Circle area; where discussion of the terms or scope of such contract in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

AYES: Doyle, Johnson, McClellan, Riddick, Royster, Smigiel Jr., Thomas Jr.,  
Alexander

NO: None.

Mayor Kenneth Cooper Alexander reconvened the open session to certify the closed session and to give Mr. Williams the floor for closing comments.

#### **CLOSED SESSION RESOLUTION**

A Resolution certifying a closed meeting of the council of the City of Norfolk in accordance with the provisions of the Virginia Freedom of Information Act.

#### **ACTION: ADOPTED**

AYES: Doyle, Johnson, McClellan, Riddick, Royster, Smigiel Jr., Thomas Jr., Alexander

NO: None.

Mr. Williams expressed appreciation and discussed the untapped potential of partnerships and focusing on the green market to lead to a more equitable future. Mr. Williams would like Norfolk to be the first to apply this model to become an example of success. He expressed feelings of optimism for a more unified community and the importance of the success of this project to be able to expand this innovative concept internationally in the future.

#### **CLOSED SESSION**

Motion for closed session was approved on February 19, 2022 at 1:07 p.m. for purposes which are set out in **Clause 29** of subsection (A) of Section 2.2-3711 of the Virginia Freedom of Information Act:

(29) Discussion of the award of a public contract submitted through an RFP from Crossroads Partnership, LLC, Norfolk MC Associates, LLC, and Wellness Circle, LLC, for redevelopment in the Military Circle area; where discussion of the terms or scope of such contract in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

AYES: Doyle, Johnson, McClellan, Riddick, Royster, Smigiel Jr., Thomas Jr., Alexander

NO: None.

#### **ADJOURNMENT**